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Turkey Cotton Products Update May 2011

Report Categories:

Cotton and Products

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Report Highlights:

The MY 2011 Turkish cotton crop area and production are now estimated about 450,000 hectares and 630,000 MT (2.9 million bales). Record high world cotton prices caused farmers to plant cotton but continued rains during the planting season delayed planting, which will cause a drop in yields. MY 2010 total consumption is expected to decline to 1.2 MMT (5.5 million bales), however, as a result of high prices. Year-end imports are estimated to remain at about 700,000 MT (3.2 Million bales). Imports during the first eight months of MY 2010 reached 521,000 MT (2.4 million bales), of which U.S. cotton constituted more than seventy percent.

Production

Country wide continuous rains during pril and first half of May had prevented cotton planting. Farmers were able to plant during the second half of May, about a month later than usual. Late planting will cause many problems in picking, ginning and quality since cotton will be vulnerable to rains in the fall. MY 2011 cotton area and production are now estimated to be about 450,000 hectares and 630,000 MT (2.98 million bales). It is reported that attractive world prices persuaded farmers not to plant winter grains such as wheat and corn in cotton growing areas, hence domestic cotton planting is expected to increase about forty-five percent in MY 2011.

Record world cotton prices persuaded farmers to plant cotton despite the uncertainty about the cotton production bonus for the crop year. GOT announced crop production bonuses for other crops under the program about two months ago with the exception of seed cotton. Following repeated requests from farm groups, the Agricultural Minister unofficially released last weekend that the production bonus for seed cotton will be 0.42 per kilogram, the same as last year.

Consumption

MY 2010 domestic cotton consumption is now estimated to be about 1.20 MMT (5.5 million bales). Record high world cotton prices increased the cost of textile production and caused a decline in orders. It is reported that reduced orders have caused exports to decline, particularly from Southern European countries due to the economic slowdown and Middle Eastern countries due to political turmoil. As export demand fell, the sudden decline in cotton prices caused some mills to get caught with high cost raw material stocks, making it harder to compete with low cost imports.

Additionally, a decree was announced in January which will increase import duties for textile and garment imports to 20 and 30 percent, respectively, starting on July 21, 2011. Even though the decree is expected to increase utilization of locally produced material in textiles, high local prices persuaded local garment producers to rush to import raw materials from low cost countries before July 21. Accordingly, while imports of textiles and garments increased in recent months local mills are reported to have received very low orders in the last two months and some are reported to be considering temporary closures. High cotton yarn prices are also reported to have caused an increase in the usage of manmade fibers by the Turkish textile industry.

Even though Turkish textile and garment exports still show 20 and 10 percent increases respectively, sources indicate that these increases are due to delivery of old orders and export growth soon will stop. It is also reported that some mills who ordered new machinery to increase capacity are trying to postpone their purchases.

Mills are hoping for improvement in the overall economic situation in domestic and international markets and also the stabilization of world cotton prices with the new crop, to be able to work competitively again.

Trade

Turkey imported 512,310 MT (2.4 Million bales) of cotton during first eight months of MY 2010, of which 372,000 MT (1.7 Million bales) or seventy-one percent was U.S. cotton. Greece, the CIS countries, Brazil and India were the other suppliers to Turkey. Total year end imports are expected to remain at about 700,000 MT due to a decline in domestic consumption. GSM-102 credit guarantee program continues to play an important role in U.S. cotton sales to Turkey. During FY 2011 Turkish cotton importers bought US\$ 235 million worth of U.S. cotton under the program, which represents about fifty-seven percent of total usage as of May 25, 2011.

Turkish cotton exports during the same period were about 5,880 MT (27,000 bales), of which about 5,357 MT (24,590 bales) went to Turkish free trade zones. Some of the cotton in these zones may be imported back into the country. Turkey also exported about 16,130 MT of cotton for medical use during the same period.

Production, Supply and Demand Data Statistics :

Cotton Turkey	2009/2010		2010/2011		2011/2012		
	Market Year Begin: Aug 2009		Market Year Begin: Aug 2010		Market Year Begin: Aug 2011		
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post	
Area Planted	0	0	0	0		0	(1000 HA)
Area Harvested	280	280	375	320		410	(1000 HA)
Beginning Stocks	1,654	1,136	1,928	1,166		960	1000 480 lb. Bales
Production	1,750	1,744	2,250	2,111		2,754	1000 480 lb. Bales
Imports	4,394	4,391	3,100	3,442		3,672	1000 480 lb. Bales
MY Imports from U.S.	2,290	2,236	0	2,295		2,065	1000 480 lb. Bales
Total Supply	7,798	7,271	7,278	6,719		7,386	1000 480 lb. Bales
Exports	150	46	150	23		46	1000 480 lb. Bales
Use	5,800	6,059	5,900	5,736		6,196	1000 480 lb. Bales
Loss	-80	0	-80			0	1000 480 lb. Bales
Total Dom. Cons.	5,720	6,059	5,820	5,736		6,196	1000 480 lb. Bales
Ending Stocks	1,928	1,166	1,308	960		1,144	1000 480 lb. Bales
Total Distribution	7,798	7,271	7,278	6,719		7,386	1000 480 lb. Bales

Stock to Use %	32	19	22	17		18	(PERCENT)
Yield	1,361.	1,356.	1,306.	1,436.		1,462.	(KG/HA)
TS=TD		0		0		0	

PSD Table						
Country	Turkey					
Commodity	Cotton				(HECTARES)(MT)	
	2009	Revised	2010	Estimate	2011	Forecast
	USDA Official [Old]	Post Estimate[New]	USDA Official [Old]	Post Estimate[New]	USDA Official [Old]	Post Estimate[New]
Market Year Begin		Aug-09		Aug-10		11-Aug
Area Planted	280000	280000	320000	320000	410000	450000
Area Harvested	280000	280000	320000	320000	410000	450000
Beginning Stocks	247433	247433	254068	254068	209068	206068
Production	380000	380000	460000	460000	600000	630000
Imports	956682	956682	750000	700000	800000	650000
MY Imp. from U.S.	487236	487236	500000	500000	500000	425000
TOTAL SUPPLY	1584115	1584115	1464068	1414068	1609068	1486068
Exports	10047	10047	5000	8000	10000	10000
USE Dom. Consumption	1320000	1320000	1250000	1200000	1350000	1250000
Loss Dom. Consumption	0	0	0	0	0	0
TOTAL Dom. Consumption	1320000	1320000	1250000	1200000	1350000	1250000
Ending Stocks	254068	254068	209068	206068	249068	226068
TOTAL DISTRIBUTION	1584115	1584115	1464068	1414068	1609068	1486068

**Import Trade
Matrix**

	Turkey		
Commodity	Cotton	Units:	Metric tons
Time Period	Aug/July		Aug/March
Imports for:	MY 2009		MY 2010
U.S.	487236	U.S.	372,001
Others			
Greece	150805	Greece	85926
Turkmenistan	72266	Turkmenistan	47951
India	61649	India	10052
Uzbekistan	33291	Uzbekistan	12836
Syria	58756	Syria	1988
Brazil	10009	Brazil	27853
Pakistan	9198	Egypt	3522
Azerbaijan	10239	Argentina	4550
Burkina Faso	5563	Burkina Faso	2580
Tajikistan	21006	Tajikistan	19528
Total of Others	432782		216786
Others not listed	36664		67477
Grand Total	956682		521310

Commodity	Cotton	Units:	Bales
Time Period	Aug/July		Aug/March
Imports for:	MY 2009		MY 2010
U.S.	2236413	U.S.	1707485
Others			
Greece	692195	Greece	394400
Turkmenistan	331700	Turkmenistan	220095
India	282968	India	46139
Uzbekistan	152805	Uzbekistan	58917
Syria	269690	Syria	9125
Brazil	45941	Brazil	127845
Pakistan	42218	Egypt	16166
Azerbaijan	46997	Argentina	20885
Burkina Faso	25534	Burkina Faso	11842
Tajikistan	96417	Tajikistan	89634
Total of Others	1986465		995048
Others not listed	168282		309719

Grand Total	4391170		2392813
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28-May-11